

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

TESTIMONY BY THOMAS WILLIAMS
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2446, H.D. 1

MARCH 1, 1:00 P.M.

RELATING TO SEPARATION BENEFITS

Chair Luke, Vice Chair Nishimoto and Members of the Committee,

H.B. 2446, H.D. 1 authorizes the State executive branch and other jurisdictions to offer a voluntary severance or special retirement benefit to its employees who elect to separate from service when their positions are identified for abolishment, affected by reductions-in-force or workforce restructuring, including privatization.

As of the submittal of this testimony, the Board of Trustees of the Employees' Retirement System (ERS) has not yet reviewed H.B. 2446, H.D. 1 and therefore has not yet taken a formal position on the "special retirement benefit" offered by this proposal. However, the ERS Board has been unwavering in its position that any benefit provided must include the funding necessary to cover its cost and/or amortize the cost of the benefit over time thereby avoiding any increase in the plan's unfunded liability.

The loss to the ERS of ongoing employer and employee contributions as envisioned by Act 103, SLH 2015, even absent of other special provisions, is forecast to increase the plan's unfunded



Employees' Retirement System
of the State of Hawaii

liability substantially. This increase in the unfunded liability may result in higher contribution requirements or the maintenance of existing contributions for a longer period of time.

The ERS staff has the following technical comments and concerns regarding Section 2 of H.B. 2446, H.D. 1:

1. A preliminary review of the special retirement benefits provided by H.B. 2446, H.D.1 by the ERS actuary determines that the actuarial cost of these enhancements would be approximately \$12.3 million. The ERS would expect to see a decrease in its unfunded actuarial accrued liability (UAAL) of approximately \$35 million due to the termination of the impacted employees. However, the expected impact on ERS funding due to the loss of payroll for the employees and the employer will be significantly greater. With the loss of approximately \$100 million in covered payroll, the ERS will receive \$11 to \$15 million less in contributions in fiscal year 2017 towards the payment of its UAAL. The present value of these lost future contributions over the next 26 years is approximately \$213 million. In order to make the ERS whole, the contribution rates for the remaining employers would need to increase by an additional .39 percent.
2. §__-3, subsection (c), this subsection (beginning on line 12 of page 6) should read:
“(c) Notwithstanding the age and length of service requirements of sections 88-73, 88-281, and 88-331, an employee who is a member of the employees’ retirement system shall qualify for the special retirement benefit if, on the employee’s retirement date, the employee is less than five years younger than the minimum age for unreduced retirement.” This would clarify that the 5 years is based on the unreduced retirement age.
3. §__-5, the sentence beginning on line 17 of page 8, should be revised as follows:
“Any employee who received a special retirement benefit under this chapter and returns to public service as an employee or contractor shall meet the age and service requirements that would otherwise be applicable without the special retirement allowance.” Eligibility for retirement benefits is based on the ERS membership date, which may not necessarily be the same as when an individual first entered State employment.

4. §___-3 should be revised to make it clear that it is applicable only to employees affected by Act 103, Session Laws of Hawaii 2015. This requirement is contained in §___-2 for the voluntary severance benefit.

On behalf of the Board of Trustees and staff of ERS we wish to thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 8:06 AM
To: FINTestimony
Cc: suekaulukukui@yahoo.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

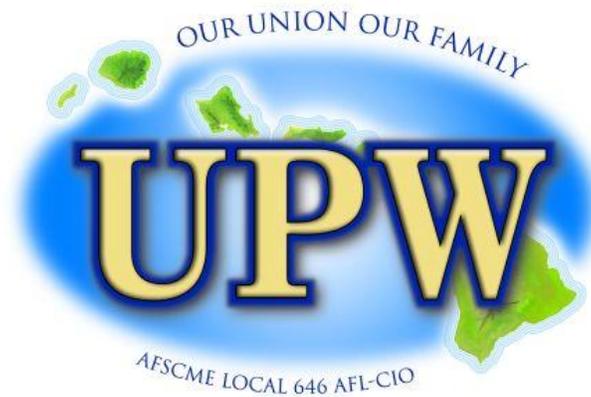
Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Suzanne Kaulukukui | HGEA | Comments Only | No |

Comments: Many of my friends are RN's at Maui Memorial. It is only fair, after them working years and years for the state at reduced pay compared to Queens and Kapiolani, that they be able to retire without a reduced retirement benefit.

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THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Eighth Legislature
Regular Session of 2016

COMMITTEE ON FINANCE

The Honorable Silvia Luke, Chair
The Honorable Scott Nishimoto, Vice Chair

DATE OF HEARING: Tuesday, March 1, 2016
TIME OF HEARING: 1:00 p.m.
PLACE OF HEARING: State Capitol
415 South Beretania Street
Conference Room 308

TESTIMONY IN SUPPORT OF HB 2446, HD1 RELATING TO SEPARATION BENEFITS

By DAYTON M. NAKANELUA,
State Director of the United Public Workers (UPW),
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, and AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

HB2446, HD1 Relating to Separation Benefits authorizes public employees facing position abolishment, reduction-in-force, or workforce restructuring to opt to receive either voluntary severance benefits or a special retirement benefit in lieu of exercising any reduction-in-force rights.

The UPW **strongly supports** this important measure. Many workers in the HHSC, Maui Region received their R-I-F notification. Their situation is urgent. The Committee is asked to pass this bill.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 8:40 AM
To: FINTestimony
Cc: championhome@hotmail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Arnold Abe | Individual | Support | No |

Comments: Providing positive options to the affected employees due to their change in employment status is a right thing to do.

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The Twenty-Eight Legislature
State of Hawaii
Honolulu, HI 96788

Submitted by: Tammy Apana

February 29, 2016

I strongly support the passing of HB 2446 HD 1.

My name is Tammy Apana. I was born, raised and educated on Maui, a true Maui girl by all definitions. I am 52 years old, a registered nurse who has worked in the Emergency Department for most of my 28 years at Maui Memorial Medical Center.

Because of the private-public partnership, I find myself in a difficult situation.

Because there are very few State of Hawaii nursing jobs on Maui, I have only 3 options:

1. Uproot my family and accept a RIF position on another island, assuming that a position is Available, to continue my nursing career with the State of Hawaii.
2. Accept a job on Maui, outside of nursing which would also mean a decrease in salary.
3. Hope that I am offered continued employment with Kaiser past the six months until I reach the age of 55, then accept the 35% penalty deduction of \$2300/month.

None of these options are acceptable, especially since I am a single parent. How I can be expected to pay a mortgage on Maui and rent on another island and still take care of my family. I deserve better.

I deserve the retirement benefits I would have earned without penalty, because I did not choose to end my service with the State of Hawaii. This decision was made for me with the passing of Act 104.

I deserve to be included for the early retirement benefit afforded by this bill despite turning in the application to take part in the RIF process on February 26, 2016 a deadline set by Hawaii Health System Corporation.

I want to stay on my home island of Maui. I want to continue to care for my friends and family. Please support the passing of HB 2446 HD1.

It will be life changing for the men and women that have dedicated our lives to Maui Memorial Medical Center, taking care of our community.

For the many lives we have helped save, help us, throw us a life ring.

Respectfully submitted,
Tammy Apana

581 Waikala Street
Kahului, Maui 96732
Ph. (808) 281-9685

Aloha and thank you for your time today.

Our state workers who have served the public do not deserve to have the benefits they have earned stripped away.

I support this measure to protect and give fair treatment to those who are affected by privatization of public facilities.

Mahalo,

Katherine Kamealoha RN, Hawaii State Hospital

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 28, 2016 10:26 PM
To: FINTestimony
Cc: palakiko96744@yahoo.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| James Palakiko | Individual | Support | No |

Comments: Dear Sirs/ Madams, I support this bill in its current form. Mahalo

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 28, 2016 10:23 PM
To: FINTestimony
Cc: tagaran33@gmail.com
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Tina | Individual | Support | No |

Comments:

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TESTIMONY BY Joshua Capp
Employed by the Department of Human Services, State of Hawaii
HGEA Member

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT AND THE HOUSE COMMITTEE ON
TRANSPORTATION ON
HOUSE BILL NO. 2446
FEBRUARY 9, 2016, 9:30AM
RELATING TO PUBLIC EMPLOYEES.

My name is Joshua Capp and I am a State of Hawaii employee and a member of the Hawaii Government Employees Association. I write in support of House Bill 2446 HD 1, as employees at the Maui Memorial Hospital, Kula Hospital, and Lanai Hospital are caught in having their employment privatized through no fault of their own. The career plans that they have contributed to all their lives and have counted upon are now in dire jeopardy. This disruption of their future financial status will put many in further hardship. These employees are hardworking middle class people that are already being caught in the economic struggle of making a decent future. I ask for your support for working families across Hawaii and for House Bill 2445 HD 1. Thank you.

Joshua Capp

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 28, 2016 6:21 PM
To: FINTestimony
Cc: sbunny808@aol.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Josette Kawana | Individual | Support | No |

Comments: I am in support of HB2446. This bill allows for retirement options for the employees.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 28, 2016 5:58 PM
To: FINTestimony
Cc: angiegoodbody@gmail.com
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Angela Goodbody | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 28, 2016 5:02 PM
To: FINTestimony
Cc: timkawana@aol.com
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Tim Kawana | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 9:28 AM
To: FINTestimony
Cc: goodhone@gmail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Virgil Medeiros | Individual | Support | No |

Comments: It would be unjust to privatize a government service and disregard the welfare of the workers who have contributed to the betterment of society.

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TESTIMONY By Priscilla Badua
HGEA Board of Director (Kauai Island Division)
Employed by the Department of Human Services, State of Hawaii
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
AND THE HOUSE COMMITTEE ON TRANSPORTATION
ON HOUSE BILL NO. 2446
MARCH 1, 2016, 1:00 PM
RELATING TO PUBLIC EMPLOYEES

My name is Priscilla Badua and I am a State of Hawaii employee, a Board of Director of the Hawaii Government Employees Association and participant in the Employees Retirement System. I write in support of House Bill 2446 HD1. Employees at the Maui Memorial Hospital, Kula Hospital and Lanai Hospital are caught in having their employment privatized through no fault of their own. The career plans they have counted upon are in dire jeopardy. This disruption of their future financial status will put many in a hardship situation. These employees are hardworking middle class people that are already caught in the economic struggles of making a decent future. I ask for your support of working people and for HB 2446 HD1.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 9:26 AM
To: FINTestimony
Cc: dmatsuda@hhsc.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| D Matsuda | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 9:24 AM
To: FINTestimony
Cc: uglowgurl@gmail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Shelly Ogata | Individual | Support | No |

Comments: I am in support of this measure to address the significant challenges employees face under the privatization of the HHSC, Maui region. Although I am not directly affected, I have friends who are and this will help mitigate the impact.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 9:21 AM
To: FINTestimony
Cc: takano.joan@gmail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Joan Takano | Individual | Support | No |

Comments: I strongly support these measures (HB 2445, HD1; HB 2446, HD 1; and HB 2606, HD1) and urge you to pass the bills. The employees of the Hawaii Health Systems Corporation Maui Region could face serious economic hardship through no fault of their own, but because of the privatization action of their employer. They have provided valuable service to the Maui community and these measures could bring welcome relief to the employees. Our Maui community is already hurting because of the closure of HC&S and hundreds of our sisters and brothers losing their jobs. I urge you to pass these bills. Thank you for the opportunity to testify.

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Aloha,

My name is Ginet Hayes, a proud public employee and member of the Hawaii Government Employees Association.

I am writing in support of HB 2446. When a government entity elects through legislation or executive order to privatize public services, abolish public employee positions, or initiate a reduction in force, there should be a reasonable and fair option “to offer a voluntary severance or a special retirement benefit to its employees who elect to separate from service when their positions are identified for abolishment or when they are directly affected by a reduction-in-force or workforce restructuring plan, including privatization.” This option will allow for employees to have another option when deciding on next steps in response to the situations listed above. The formula also allows the employer to determine possible severance packages as they relate to the employee(s) affected.

I stand in support of this legislation and kindly ask that the committee vote in favor of the bill.

Thank you for your kind consideration.

Sincerely,

Ginet Hayes

Kapolei Resident

Public Employee

2/29/2016

I support this bill and stand in solidarity with the people affected under the privatization of the Hawaii Health System Corporation, Maui Region.

Sincerely,

A handwritten signature in black ink, appearing to be 'Noel Jose', with a long horizontal flourish extending to the right.

Noel Jose

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 9:44 AM
To: FINTestimony
Cc: diane.nakashima@gmail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Diane Nakashima | Individual | Support | No |

Comments: I support this bill. In the uncertainty that employees at HHSC face, this allows for employees to retire without a reduced retirement benefit under certain conditions.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 9:40 AM
To: FINTestimony
Cc: markyap501@gmail.com
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Mark Yap | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 10:12 AM
To: FINTestimony
Cc: dkai377@yahoo.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Debra Kaina | Individual | Support | No |

Comments: I believe that all employees that may be displaced by a RIF, or privatization should be allowed the benefit of retirement without penalty. These employees have committed to the communities they live in, and should not be penalized due to privatization. Retirement benefits are earned by all Civil Service Employees, and most people live their lives looking forward to their retirement years in the communities they serve. Thank you for your consideration.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 10:52 AM
To: FINTestimony
Cc: cfuke@hhsc.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Cindy Fuke | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 10:49 AM
To: FINTestimony
Cc: dcabrera@hhsc.org
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Dave Cabrera | Individual | Support | Yes |

Comments: The bill for people who are a few months short of being vested for 5 years and 10 years vested. I want to support this bill because I know several people who will be affected by this. I myself will be 2 months shy of being 5 years vested. I support this fully and anyone short of their years in service.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 11:05 AM
To: FINTestimony
Cc: bradshields808@gmail.com
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Bradley | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 11:10 AM
To: FINTestimony
Cc: gbair@hhsc.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Ginger Moreira | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 11:33 AM
To: FINTestimony
Cc: maili.diver@gmail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Cal | Individual | Support | No |

Comments: Only fair that those who served the Public be treated fair.

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TESTIMONY BY Eric Inouye

Employed by the County of Kauai, Department of Finance, Information Technology Division,
Specialist IV

HGEA – Kauai Division Political Action Committee Chair, Unit 13 Member

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

AND

THE HOUSE COMMITTEE ON TRANSPORTATION

ON

HOUSE BILL NO. 2446

FEBRUARY 9, 2016, 9:30 A.M.

RELATING TO PUBLIC EMPLOYEES

Aloha State House of Representatives Committee Members,

My name is Eric Inouye and I am a County of Kauai employee, Hawaii Government Employees Association Unit 13 Member, and a participant in the Employees retirement system. I write in support of House Bill 2446 HD1. Employees at the Maui Memorial Hospital, Kula Hospital and Lanai Hospital are caught in having their employment privatized due to a situation that is out of their control and through no fault of their own. The career plans they have counted upon are in dire jeopardy. This disruption of their future financial status will put many in a hardship situation. These employees are hard-working middle class people that are already being caught in the economic struggles of making a decent future. I ask for your support of working people and for HB 2446 HD 1.

Charles R Kroner, Jr
2420 Waipua Street
Paia, Maui, HI 96779
KronerChuck@yahoo.com
(H) 808-871-6007
(C) 808-269-5973

February 29, 2016

RE: HB 2446 HD1 - SUPPORT
HB 2445 HD1 - SUPPORT
HB 2606 HD1 – SUPPORT

I have dedicated my career to being a nurse at MMMC since 1996. I had intentions of retiring from the state when I met eligibility next year. I am at the point where I need to wait till February 2017 to meet my years of service requirement of 20 years. If my first year of e-hire was counted, I would meet the years of service for early retirement now. I will be 55 this year on 9/21/16. If our current contract expiring June 2017 was honored I would have been able to reach my goal. Please allow for special consideration for those of us that are within a year of meeting eligibility, &/or have 20 + years of service irregardless of age. I urge you to support penalty free options for those of us that have invested our lives to caring for the health & welfare of Maui County residents & visitors.

Since my job is being abolished I am faced with life changing decisions that will have a huge impact on my future, especially my retirement plans. In a perfect world, I would have all my options clearly available at the same time, so I can make fully informed decisions that directly impact my future economic stability. However, we have been forced to make decisions regarding the RIF (reduction in force) directly resulting from Act 103 to privatize Maui Region without full disclosure.

We have no confirmation of an offer, nor input on what our options will be once our jobs are abolished. In an effort to not burn any bridge before knowing what is on the other side, a lot of employees said yes to the RIF, to buy time for more information & for these bills to become law. Even at this juncture we have no guarantee as to how the final bills will read, nor if we qualify. Please include language to forbid any penalties for inquiring about a RIF offer. For many of us, working a year or more with the state may be the best option. This is extremely significant, especially if we do not qualify to meet the requirements that you are setting when our state positions at HHSC Maui Region are abolished.

I can only hope & pray that you remember all of us that supported you throughout the years, & plead for you to not turn your back on us now. We are proud dedicated members of our community & intend to continue to be productive members of society. We will continue to reinvest our hard earned money as we support local businesses & our communities.

Thank you for considering my testimony. You can feel free to contact me if you have any questions or for further discussion.

Mahalo nui loa,

Chuck Kroner, RN
Med/Surg RPN III

Molokai South (3 South), MMMC

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 11:42 AM
To: FINTestimony
Cc: chpacheco@hhsc.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| christine pacheco | Individual | Support | No |

Comments:

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Rose Kroner
2420 Waipua Street
Paia, Maui, HI 96779
Rose3Chas9@aol.com
(H) 808-871-6007
(C) 808-298-6017

February 29, 2016

RE: HB 2446 HD1 - SUPPORT
HB 2445 HD1 - SUPPORT
HB 2606 HD1 – SUPPORT

I have dedicated my career to being a registered nurse at MMMC since 1991. I had intentions of retiring from the state when I had my 30 years. I am at the point where my 25 years qualifies for early retirement, but since I am only 54, I need to wait till March 2017 to meet the age of eligibility. I urge you to support penalty free options for those of us that have invested our lives to caring for the health & welfare of Maui County residents & visitors.

Since my job is being abolished I am faced with life changing decisions that will have a huge impact on my future, especially my retirement plans. In a perfect world, I would have all my options clearly available at the same time, so I can make fully informed decisions that directly impact my future economic stability. However, we have been forced to make decisions regarding the RIF (reduction in force) directly resulting from Act 103 to privatize Maui Region without full disclosure.

We have no confirmation of an offer, nor input on what our options will be once our jobs are abolished. In an effort to not burn any bridge before knowing what is on the other side, a lot of employees said yes to the RIF, to buy time for more information & for these bills to become law. Even at this juncture we have no guarantee as to how the final bills will read, nor if we qualify. Please be sure to include language to forbid any penalties for inquiring about a RIF offer. For many of us, working a year or more with the state may be the best option. This is extremely significant, especially if we do not qualify to meet the requirements that you are setting when our state positions at HHSC Maui Region are abolished.

I can only hope & pray that you remember all of us that supported you throughout the years, & plead for you to not turn your back on us now. We are proud dedicated members of our community & intend to continue to be productive members of society. We will continue to reinvest our hard earned money as we support local businesses & our communities.

Thank you for considering my testimony. You can feel free to contact me if you have any questions or for further discussion.

Mahalo nui loa,

Rose Kroner, RN
Endoscopy RPN III, MMMC

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 12:16 PM
To: FINTestimony
Cc: clwt@ymail.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Candace Tablit | Individual | Support | No |

Comments: Being employed in the healthcare industry, I can certainly understand the need for partnering with private entities as medical costs increase when reimbursements do not. However, I can also empathize with MMC employees faced with financial hardship as well as job uncertainty - many after having given the best part of their lives to their careers. Quite a few chose to forgo higher paying opportunities in the private sector on the hope of a bright future when they retired. I would like to request that you pass this bill so that all HHSC employees may retire in a way that rewards them for their sacrifices, hard work and dedication.

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To: FINTestimony
Cc: lowansomera@hpsc.org
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Lisa Owan-Somera | Individual | Support | Yes |

Comments: I fully support the bill because of individuals in the HHSC who are near their vesting dates for 5 years and 10 years. This will also help folks who are close to retirement and help employees with severance pay.

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To: FINTestimony
Cc: jkuwabar@hgea.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Sharon Fong | Individual | Support | No |

Comments:

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To: FINTestimony
Cc: eviluan@hhsc.org
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Edna Viluan | Individual | Support | Yes |

Comments: I am supporting this bill because I know people who are a few months short of being vested 5 years. I fully support this bill and anyone short of vesting date.

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Sent: Monday, February 29, 2016 2:46 PM
To: FINTestimony
Cc: ketmars@msn.com
Subject: Submitted testimony for HB2446 on Mar 1, 2016 13:00PM

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Marshall Takafuji | Individual | Support | No |

Comments: I have been working as a Registered Nurse since 1991. I am very appreciative of the State of Hawaii as my employer who has taken care of my family's financial needs. although I will be one (1) month short of my 62nd birthday when my position is abolished, I continue to feel blessed at what I am to receive upon retirement. I was hoping to continue as a State of Hawaii employee until 66 years old so that I could count on the monthly pension as my monthly budget. The proposed pension of 5% x 10 years x annual base salary will be appreciated and used wisely to invest in a vehicle to adjunct the early retirement pension. thank you very much

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To: FINTestimony
Cc: jkuwabar@hgea.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
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| Roberta Mann | Individual | Support | No |

Comments:

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HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Joy Ring | Individual | Support | No |

Comments:

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Cc: jkuwabar@hgea.org
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HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Suzanne Okino | Individual | Support | No |

Comments:

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Cc: jkuwabar@hgea.org
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HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
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| vernon verzon | Individual | Support | No |

Comments:

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HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
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| Merle Chun | Individual | Support | No |

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DAVID Y. IGE
GOVERNOR

LATE



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2446, H.D. 1**

March 1, 2016
1:00 a.m.

RELATING TO SEPARATION BENEFITS

House Bill No. 2446, H.D. 1, authorizes public employees facing position abolishment, reduction-in-force (RIF), or workforce restructuring to opt to receive either voluntary severance benefits or a special retirement benefit in lieu of exercising any RIF rights.

The Department of Budget and Finance opposes this bill.

First, based on the provisions of this measure, the cost could be significant as all affected employees would qualify (in the case of the Hawaii Health Systems Corporation's Maui Region Health Systems transitioning to Maui Health Systems) for the voluntary severance benefit or special retirement benefit. The provisions of the bill appear to be an overly broad approach to address a situation where only a limited number of the estimated 1,479 affected employees may not be re-employed by Maui Health Systems. A more cost effective solution may be looking at inter-jurisdictional employment agreements to address those who may not retain employment with Maui Health Systems.

A second concern is that previous RIFs were implemented without offering employees severance packages or retirement benefit enhancements. The provisions of this bill offer an open-ended package of separation benefits for any future RIF.

Third, the cost of paying for voluntary severance benefits or special retirement benefits nullifies the intent of a RIF, which is to reduce the size and cost of government. While the voluntary severance package would only be a one-time cost, retirement benefit enhancements have a long-term cost to the State and result in a higher unfunded actuarial accrued liability (UAAL) for the Employees' Retirement System (ERS). Although the special retirement benefits are exempt from Section 88-99 and the bill requires that the State pay the ERS the additional actuarial present value of the benefit enhancements over a period of five years, the benefit enhancement is counter to the purpose of Section 88-99, Hawaii Revised Statutes, which places a moratorium on benefit enhancements until such time as the actuarial value of the ERS' assets is 100% of the ERS' UAAL. Each exception from Section 88-99 increases the ERS' UAAL and affects the efficacy of the moratorium.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 01, 2016 6:37 AM
To: FINTestimony
Cc: llexier@hpsc.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 3/1/2016
Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
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| Leslie Lexier | Individual | Support | No |

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 01, 2016 6:09 AM
To: FINTestimony
Cc: dmatsuda@hhsc.org
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 3/1/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| D Matsuda | Individual | Support | No |

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LATE

February 29, 2016

Dear Legislator,

I am writing to inform you of the impact of the Public-Private partnership on a personal level. While I am happy to hear that services will be expanded and that healthcare on Maui will get an infusion of cash, expertise and energy, I am concerned about some of the impact on individual workers. I apologize that this testimony is late, but we are only given short notice to get this to you.

Here is my personal story/situation:

I have an 84 yo mother who lives alone on the mainland. I would like to be able to assist her if needed using FMLA benefits. If my vacation/sick leave balances are zero'd as a result of this transition, I may be in a situation to have to take leave without pay. I have worked at MMMC since 1988, and I have banked a considerable amount of time since I have stayed fairly healthy and not abused my benefits.

I am unable to take retirement at this time without a 22% penalty since there is an age reduction factor. I will be 58 years old when the transition occurs. I am an RN with a Master's Degree in Nursing Science, and I have dedicated the bulk of my career as a nurse to Maui Memorial. Due to emergency hire and other unusual HR policies/practices, my calculated years of service fall short of the 30 years needed to retire without penalty-- by 3 years and 2 months per their calculation. I worked part time in the Critical Care Unit while job sharing another position in Quality and Utilization Management. Unfortunately, HR/ERS will only count this as part-time for that time period. Having both of those jobs simultaneously was enriching for me professionally, and it allowed for my clinical expertise to be used in the Quality realm. But now I pay the price of less years of service for my retirement calculation. I have actually been employed at MMMC since 1988 and the majority of time I worked 40 or more hours per week—in Critical Care, Quality, Education, Case Management, and as an instructor at Maui Community College. IT is uncertain at this time what Kaiser offers for retirement and how many more years I would need to work in that system to be eligible for retirement.

I could use my RIF benefits to try to finish my last 3 years, but this would create a hardship due to travel, and I would not like the karma associated with "bumping" another employee. This is simply a trickle down solution in which I will not participate. I pay taxes and work hard to thrive on Maui, so this option does not seem to be viable. The remaining State nursing jobs on Maui are not available for RIF since they are outside my jurisdiction of HHSC: Public Health, school nursing, and UH Maui College instructors. The number of people employed in those positions is very small and cannot accommodate a large number of MMMC employees. Lastly, I also have an small egg farm, and my partner would be completely burdened by caring for the animals by himself.

I am unable to defer any payout of my vacation (3 months) since I already contribute the maximum amount into my 403b (deferred comp). So this will affect my tax situation.

I realize that even if I receive my retirement, I will need to find supplemental income as it is less than half of my current net monthly income. I have done my best to continue life-long learning—in part to prepare financially for retirement. I recently studied and passed a certification exam to become a medical coder—again on my own time and my own dime.

On a less personal note as I am not currently in a staff RN position, I hope that there is also consideration to nurse-patient staffing ratios as we move forward. I am not familiar with how this has worked in the private sector, but as a potential patient and as a patient advocate with concern about quality care, I hope that this will be addressed on some level.

The bills before the legislation show compassion for employees in the Maui Region to ease the transition. All of these bills have merit. Additionally, utilizing accumulated sick time to offset age reduction penalty or qualify those who are a bit short for retirement eligibility could be considered. Thank you for any consideration that you give to the impact of this transition on staff and patient care, and thank you for working to improve health care on Maui.

Respectfully,

Penny Souder RN MS

Maui Memorial Medical Center

- August 1988 Began working as “Emergency Hire” RN at Maui Memorial Medical Center in August of 1988 in the Intensive Care Unit (ICU). Emergency Hire status is without benefits, without service towards retirement, and without extra pay. I find this ironic since Hawaii was touted as the “Health State”
- September 1989 Hired as permanent to continue my employment as an ICU staff RN
- Worked full time with ICU RN staff as half of my job and job shared a Quality Management/UR position with an RN from the Surgical Floor – unfortunately it only counted as part-time even though I was scheduled full time
- Obtained my Master’s Degree in the Nursing Program at UH through an outreach program. I did this on my own time over 5 years and my own dime including travel to Oahu for the clinical portion of my education
- I worked part-time as an Instructor at MCC Nursing Program but this does not count toward my retirement since I was a clinical instructor for 2.5 days per week
- I worked ICU as a staff RN again
- I worked 10 years as an RN Case Manager
- I worked as a Clinical Educator and coordinated American Heart Association Programs
- I worked again as an ICU staff RN]
- I worked as a Clinical Appeals Coordinator
- I am currently working in the new Clinical Documentation Improvement Department



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

LATE

The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
March 1, 2016

H.B. 2446, H.D. 1 – RELATING TO
SEPARATION BENEFITS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2446, H.D. 1. Under this bill, employees whose positions are privatized by an action of state or county government will become eligible for a voluntary severance payment or a special retirement benefit.

This legislation is similar to the separation incentive program that previously existed in Hawaii Revised Statutes. As drafted, H.B. 2446, H.D. 1 offers employees two basic options: a severance payment or special retirement benefits. Within the Hawaii Health Systems Corporation Maui Region privatization there are employees at different life stages and this bill addresses that complexity. Employees with only a few years of creditable service with the HHSC may opt for a severance payment, which can be applied to continued health insurance coverage through the Hawaii Employer-Union Health Benefits Trust Fund. Or, for those who have more years of service, but need additional years before they can retire, there is a special retirement benefit to meet that important need. Without such assistance, employees may face economic hardship that will be permanent through no fault of their own. We cannot allow that to occur.

Thank you for the opportunity to testify in support of H.B. 2446, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 29, 2016 8:15 PM
To: FINTestimony
Cc: karenho@hawaii.edu
Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

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HB2446

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

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| Karen Ho | Individual | Support | No |

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Subject: *Submitted testimony for HB2446 on Mar 1, 2016 13:00PM*

HB2446

Submitted on: 3/1/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| joycelyn iyo | Individual | Support | No |

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